

Flash Report – March 31, 2021

## OVERVIEW

Select Growth focuses primarily on U.S. businesses at the forefront of the most vital areas of positive structural change in our economy. These businesses are built on disruptive innovation, and generate growth by inspiring profound change within existing industries or creating entirely new ones.

## INVESTMENT CRITERIA

1. Sustainable above-average earnings growth
2. Leadership position in a promising business space
3. Significant competitive advantage/unique business franchise
4. Clear mission and value-added focus
5. Financial strength
6. Rational valuation relative to the market and business prospects

## KEY ATTRIBUTES<sup>3</sup>

### CONCENTRATED AND CONVICTION-WEIGHTED

**30**

Businesses

**59%**

Top Ten Weight

### LONG-TERM INVESTMENT HORIZON

**22%**

Turnover - Annual Avg.<sup>1</sup>

**5+ Yr**

Expected Holding Period

### ABOVE-AVERAGE EPS GROWTH FORECAST<sup>2</sup>

**29%**

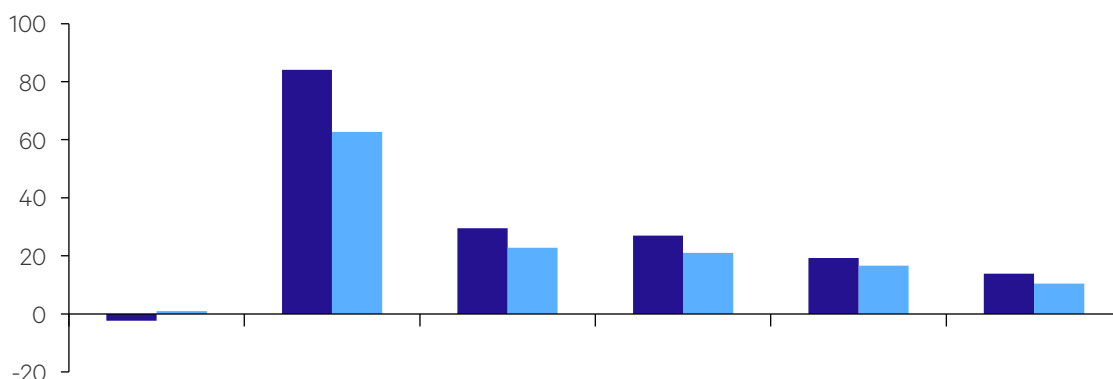
Select Growth

**18%**

Russell 1000 Growth Index

## INVESTMENT RESULTS (%)

Select Growth vs. Russell 1000 Growth Index



Inception: 2/29/92

	1Q21	1 Year	3 Years	5 Years	10 Years	Since Inception
● Portfolio (Net)	-2.4	84.1	29.5	27.0	19.2	13.8
● Benchmark	0.9	62.7	22.8	21.0	16.6	10.4
Value Added (bps)	-330	2,140	670	600	260	340

## CALENDAR YEAR RETURNS (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
Portfolio (Net)	24.1	42.2	8.9	2.9	-7.1	35.1	6.8	33.3	71.4	-2.4
Benchmark	15.3	33.5	13.0	5.7	7.1	30.2	-1.5	36.4	38.5	0.9
Value Added (bps)	880	870	-410	-280	-1,420	490	830	-310	3,290	-330

Inception date is 2/29/92. Periods greater than one year are annualized. The investment results shown are net of advisory fees and reflect the reinvestment of dividends and any other earnings. The investment results are that of the Tax-Exempt Institutional Equity Composite. GIPS®-compliant reports and additional disclosures for the related composites may be found at [http://sandscapital.com/media/Sands\\_Capital\\_Annual\\_Disclosure\\_Presentation.pdf](http://sandscapital.com/media/Sands_Capital_Annual_Disclosure_Presentation.pdf) or at the end of this presentation. Past performance is not indicative of future results.

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## PORTFOLIO CHARACTERISTICS<sup>3</sup>

	Portfolio	Benchmark
Portfolio Businesses	30	464
Active Share <sup>4</sup>	84%	n/a
5-Year Historical EPS Growth	51%	27%
Consensus Long-Term EPS Growth	29%	18%
Consensus Forward P/E - Next 12 mos. <sup>5</sup>	56x	28x
Weighted Avg. Market Cap (\$B)	198.0	696.5
Median Market Cap (\$B)	55.9	17.1
Turnover - Trailing 12 mos. <sup>1</sup>	30%	n/a
Weighted Average Carbon Intensity <sup>14</sup>	14.3	29.5

## PERFORMANCE METRICS<sup>3</sup>

(Trailing 5 Years Net of Fees)	Portfolio	Benchmark
Annualized Excess Return <sup>6</sup>	6.0%	n/a
Information Ratio <sup>7</sup>	0.7	n/a
Sharpe Ratio <sup>8</sup>	1.4	1.3
Tracking Error <sup>9</sup>	8.4%	n/a
Standard Deviation <sup>10</sup>	18.9%	15.7%
R-Squared <sup>11</sup>	80.8%	100.0%
Up Capture <sup>12</sup>	112%	100%
Down Capture <sup>13</sup>	88%	100%

## TOP TEN HOLDINGS (58.6% OF ASSETS)<sup>3</sup>



Company	Business Space <sup>17</sup>	Domicile <sup>15</sup>	Portfolio (%)	Owned Since
Sea	Internet Software and Services	Singapore	9.6	2019
Netflix	Internet Video	United States	7.5	2015
Square	Payment Processing	United States	7.1	2020
Visa	Payment Processing	United States	6.5	2008
ServiceNow	Software-as-a-Service - IT Service Management	United States	5.5	2016
Uber Technologies	Personal Mobility, Food Delivery, and Freight	United States	5.3	2020
Match Group	Online Classifieds	United States	4.7	2018
Twilio	Computer Communications	United States	4.4	2019
Amazon	Internet Retail and Infrastructure-as-a-Service	United States	4.0	2015
Facebook	Online Media	United States	4.0	2012

## SECTOR EXPOSURE<sup>3,19</sup>

	Portfolio	Relative to Benchmark
Information Technology	33.8	-10.4
Communication Services	33.0	21.1
Health Care	11.6	-2.1
Consumer Discretionary	9.9	-6.6
Industrials	7.9	3.2
Consumer Staples	1.3	-3.2
Financials	-	-1.9
Real Estate	-	-1.7
Materials	-	-0.8
Energy	-	-0.1
Utilities	-	0.0
[Cash]	2.5	2.5

**CONTRIBUTION (%)<sup>20</sup>**

Top Absolute Contributors

Top Absolute Detractors

**QUARTER TO DATE**

Company Name	Average Weight	Return	Contribution	Company Name	Average Weight	Return	Contribution
Sea	9.5	12.2	0.9	Match Group	4.9	-9.1	-0.5
Uber Technologies	5.2	6.9	0.4	ServiceNow	5.5	-9.1	-0.5
Airbnb	1.3	28.0	0.3	Adobe	2.5	-12.6	-0.4
Facebook	3.5	7.8	0.3	Sarepta Therapeutics	1.0	-56.3	-0.4
Square	7.0	4.3	0.2	Coupa Software	1.2	-24.9	-0.4

**TRAILING 1 YEAR**

Company Name	Average Weight	Return	Contribution	Company Name	Average Weight	Return	Contribution
Sea	7.2	403.8	11.6	DoorDash	0.4	-30.8	-0.4
Square	5.1	333.5	6.7	Shopify	0.2	-11.1	-0.3
Amazon	7.4	58.7	6.4	Snowflake	0.6	-9.7	-0.1
Match Group	5.1	110.7	5.5	Texas Instruments	0.0	2.1	0.0
ServiceNow	6.0	74.5	5.0	Salesforce	0.1	12.5	0.2

**TRAILING 3 YEAR**

Company Name	Average Weight	Return	Contribution	Company Name	Average Weight	Return	Contribution
ServiceNow	6.6	202.3	12.4	Abiomed	0.4	-55.0	-1.4
Sea	2.5	493.5	11.6	Booking	1.0	-15.8	-0.9
Amazon	8.0	113.8	10.8	Incyte	0.0	-19.3	-0.9
Match Group	3.3	302.7	8.0	Texas Instruments	0.5	-16.1	-0.7
Netflix	6.6	76.6	7.5	Charles Schwab	0.6	-17.1	-0.7

**TRAILING 5 YEAR**

Company Name	Average Weight	Return	Contribution	Company Name	Average Weight	Return	Contribution
Amazon	7.3	421.2	25.5	Under Armour	0.5	-74.1	-5.0
Netflix	5.6	410.3	19.7	Chipotle Mexican Grill	0.8	-34.8	-2.2
ServiceNow	4.9	534.3	18.6	Lending Club	0.2	-49.3	-1.9
Visa	7.9	186.2	17.2	Snap	0.2	-49.4	-1.8
Adobe	4.6	365.9	15.7	Abiomed	0.3	-55.0	-1.4

Contribution and performance are calculated using end of day prices, and do not reflect actual purchase prices. This can affect the presentation of contribution and performance of IPOs and other transactions amid heightened volatility. Select Growth may participate in IPOs in eligible accounts and purchase additional shares in the secondary market. <sup>1</sup>Turnover Rate is calculated excluding cash using a Select Growth model portfolio eliminating the effect of client directed cash flows in the calculation. Annual Turnover Rate reflects the previous calendar year. Annual Average Turnover Rate reflects the average value over the past five calendar years. <sup>2</sup> Consensus long-term EPS growth forecast. <sup>3</sup> Select Growth calculations are based on the Tax-Exempt Institutional Equity Composite. <sup>4</sup> Active Share represents the share of portfolio holdings that differ from the benchmark, with 0% meaning perfect index replication and 100% indicating pure active management. <sup>5</sup> P/E forecasts are consensus estimates. <sup>6</sup> Annualized Excess Return represents the difference between the strategy's performance and the benchmark's performance. <sup>7</sup> Information Ratio is the ratio of excess return to risk, as measured by standard deviation. <sup>8</sup> The Sharpe Ratio measures excess return above the risk free rate to standard deviation of returns. <sup>9</sup> Tracking Error is the amount by which the performance of the strategy differed from that of the benchmark. <sup>10</sup> Standard Deviation is a measurement of dispersion of a set of data from its mean. <sup>11</sup> R2 is a measurement of how much performance reflects the returns from the benchmark. <sup>12</sup> The Up Capture is a measure of how a manager performed during phases of positive benchmark returns. <sup>13</sup> The Down Capture is a measure of how a manager performed during phases of negative benchmark returns. <sup>14</sup> Expressed as tons CO2 emissions/\$Million sales, this metric indicates the portfolio's exposure to potential climate change-related risks relative to the benchmark. At a business level, MSCI ESG Research calculates Carbon Intensity as carbon emissions per dollar of sales. The portfolio-level Weighted Average Carbon Intensity is the sum product of the business weights and their intensities. © 2021 MSCI ESG Research LLC. Reproduced by permission; no further redistribution. <sup>15</sup> Based on MSCI definitions. <sup>17</sup> Business Space is based on SCM classifications. <sup>18</sup> The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Sands Capital Management, LLC. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim express or implied warranties or representations with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. <sup>20</sup> Data presented is that of the Tax-Exempt Institutional Equity Composite. Top and bottom absolute contribution figures were calculated by multiplying the security's average weight by the security's return. The investment results shown are gross of advisory fees and reflect the reinvestment of dividends and any other earnings. The client's return will be reduced by these fees and expenses in addition to any other costs incurred in the management of the account. To receive a complete list of and description of the calculation methodology for the attribution analysis and complete list detailing each holding's attribution please contact a member of the Client Relations Team at 703-562-4000. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The companies illustrated represent a sub-set of current holdings in the Select Growth portfolio and were selected based on the performance measures presented.

At Sands Capital, we are active, long-term investors in leading innovative growth businesses, globally. Our approach combines rigorous fundamental analysis with inspired thinking to seek innovative, high-quality businesses that are creating the future. By enabling our clients to participate in the growth of these businesses, our mission is to add value and enhance their wealth with prudence over time.

## ALL-IN CULTURE

We are one team dedicated to one mission and one philosophy. As a fully independent and staff-owned firm, we attract and retain strong talent, focus on long-term outcomes, and are highly aligned with our clients' interests.

## GLOBAL PERSPECTIVE WITH LOCAL UNDERSTANDING

Innovation-driven growth knows no geographic boundaries. Neither does our research team. We are hands on, on-the-ground, deeply immersed in the ecosystems in which our businesses operate.

## INSIGHT-DRIVEN

Businesses that can build a sustainable advantage are few and far between. To seek them, we apply six criteria to separate signal from noise, identify what matters most, and construct differentiated views on tomorrow's businesses, today.

## HIGH CONVICTION FOR HIGH IMPACT

All our strategies concentrate investments in only our best ideas and avoid mediocrity. With the intent to own businesses for five years or longer, we seek to create value for clients through the compounding of business growth over time.

## Tax-Exempt Institutional Equity Composite (TEIEC) GIPS Report

Year End	Number of Accounts	Assets at End of Period (USD Millions)	TEIEC			Russell 1000 Growth Index (R1000G)		Percentage of Firmwide Assets	Non-Fee Paying Assets as Percentage of Composite	Asset Weighted Standard Deviation of Gross Returns	Firm's Total Assets (USD Millions)
			Net Return	Gross Return	Annualized 3 Yr. Ex-Post Standard Deviation of Net Returns	R1000G	Annualized 3 Yr. Ex-Post Standard Deviation				
2020	82	\$12,888.65	71.42	72.15	22.42	38.49	19.64	18.78	0.00	0.71	\$68,621.83
2019	84	\$10,063.97	33.34	33.91	17.22	36.39	13.07	22.55	0.00	0.15	\$44,636.85
2018	90	\$9,140.97	6.77	7.27	17.03	-1.51	12.13	25.83	0.00	0.19	\$35,387.67
2017	102	\$11,646.37	35.15	35.74	15.07	30.21	10.54	28.18	0.00	0.48	\$41,331.26
2016	115	\$10,192.82	-7.13	-6.70	15.58	7.08	11.15	29.19	0.00	0.18	\$34,914.29
2015	146	\$14,686.78	2.92	3.40	14.56	5.67	10.7	33.23	0.00	0.50	\$44,192.42
2014	155	\$17,737.17	8.95	9.63	14.51	13.05	9.59	37.22	0.00	0.18	\$47,659.83
2013	155	\$16,244.61	42.19	42.95	15.55	33.48	12.18	38.62	0.00	0.17	\$42,067.92
2012	141	\$11,421.39	24.08	24.69	18.39	15.26	15.66	42.30	0.00	0.22	\$27,001.96
2011	122	\$8,572.50	2.47	3.02	19.92	2.64	17.76	45.70	0.00	0.15	\$18,759.70

Sands Capital Management ("Sands Capital" and "SCM") is an independent registered investment advisor. Sands Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Sands Capital has been independently verified for the periods February 7, 1992 through December 31, 2019. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Tax-Exempt Institutional Equity Composite ("TEIEC") has been examined for the periods February 29, 1992 through December 31, 2019. The verification and performance examination reports are available upon request. The TEIEC contains all fee-paying, tax-exempt institutional equity accounts managed according to the Select Growth Equity Strategy on a fully discretionary basis and for comparison purposes is measured against the Russell 1000 Growth Index ("R1000G"). The Select Growth Equity Strategy (formerly "Large Cap Growth") is a concentrated portfolio that typically includes 25 to 30 companies. Portfolio investments are typically U.S. domiciled large-capitalization leaders in their respective business spaces and usually operate on a global basis. The portfolio may invest in mid-capitalization companies. While primarily constructed of domestic companies, the portfolio may contain foreign securities that trade on a U.S. exchange. The R1000G measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The TEIEC holds securities that are not included in the R1000G, and Sands Capital Management, LLC may invest in securities not covered by the index. Performance results in presentations prior to January 1, 2002 were measured against the S&P 500 Index. The benchmark was changed to be more representative of the composite strategy, however, information regarding the comparison to the S&P 500 is available upon request. Effective April 1, 1997, the minimum account size for this composite is \$3 million. The minimum account size was \$1 million from February 7, 1992 through March 31, 1997. The annual composite dispersion presented is an asset-weighted standard deviation calculated of performance dispersion for accounts in the composite for the entire year, using beginning of period values. Returns are presented gross and net of management fees and performance fees, if applicable, and include the reinvestment of all income. For periods prior to 2013, gross returns are shown as supplemental information and are stated gross of all fees and transaction costs for bundled fee accounts; net returns are reduced by all fees and transaction costs incurred. Net returns presented are calculated using actual fees. Bundled fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions this fee may have included portfolio monitoring, consulting services, and in some cases, custodial services. As of January 1, 2013, bundled fee accounts are no longer included in the TEIEC. The U.S. Dollar is the currency used to express performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of composite descriptions is available upon request. The firm's list of pooled fund descriptions for limited distribution pooled funds is available upon request. Past performance is not indicative of future results. The investment management fee schedule for this strategy is 0.75% on the first \$50 million of assets under management and 0.50% on assets under management greater than \$50 million. In addition to the management fee, some accounts may also pay an incentive fee. Additional information regarding the incentive fee is available upon request. Actual investment advisory fees incurred by clients may vary. The Select Growth Equity Strategy of the portfolio manager was created and fully invested February 7, 1992. The TEIEC was created on February 29, 1992 and the inception date for performance is February 29, 1992. Russell 1000® Growth Index is a trademark of the Frank Russell Company. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.